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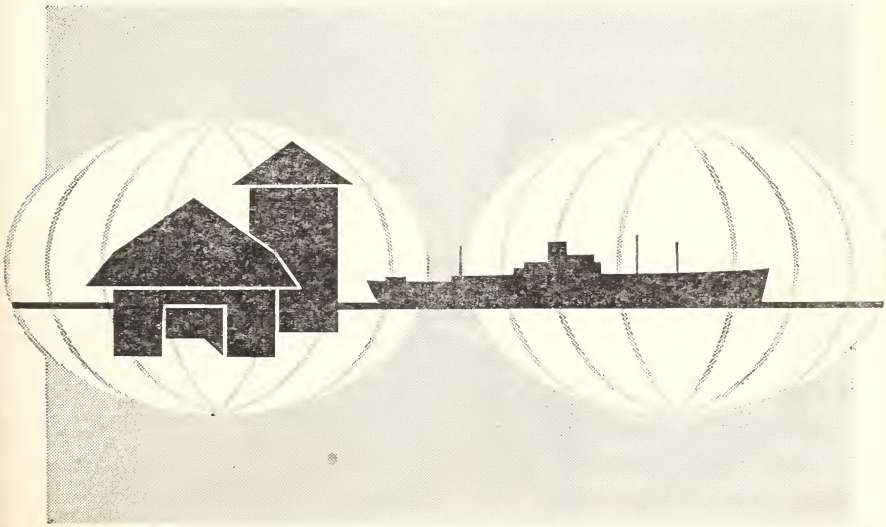
EXPANSION EXPECTED IN U.S. FOOD EXPORTS

Farmers can look forward to a sharp expansion in foreign markets for U.S. food exports by 1970. World population is rising. Incomes are improving and the world's peoples seek better diets.

At present people in many areas of the world are unable to get nutritionally adequate diets. These areas have a food gap. Although the gap will narrow as a result of higher food production it will still exist in 1970.

The expected calorie gap in 1970 will be equivalent to 60 million short tons of grain. The deficit in animal protein will likely be equal to 7.2 million tons of nonfat dry milk. About 3.5 million tons of soygrits would be required to fill the pulse and other protein deficit. And 3.4 million tons of vegetable oil would be needed to satisfy the fat deficit.

Exports to these "diet-deficit" areas will account for a large share of the increase in U.S. food exports expected



by 1970. Overall, United States food exports are likely to increase 50 percent between 1960 and 1970.

Diet-deficit areas are regions that have nutritionally inadequate national average diets. These include Asia, except Japan and Israel, all but the southern tip of Africa, the northern part of South America, and almost all of Central America and the Caribbean.

Although total U.S. wheat exports are expected to increase 27 percent by 1970, wheat's share of total U.S. food exports will decrease from 34 percent to 29 percent. Rice exports are expected to increase about 53 percent during the 1960's but will continue to be a small part of U.S. food exports. Coarse grains are projected to increase 55 percent and will remain about one-fifth of the total. The greatest increase in food exports is expected in vegetable oil and oilseeds. These are likely to increase 90 percent from 1959–61 to 1970 and their share of the U.S. export food market from 17 percent to 21 percent.

Meat other than poultry is projected at 93 percent higher and poultry and fruits are expected to increase by nearly one-half.

Northern Europe is the best subregional customer for U.S. food commodities. Countries of this area took 29 percent of U.S. food exports in 1959–61 and are expected to take 27 percent in 1970. Increases are expected in all food groups, principally in coarse grains, vegetable oil and oilseeds, fresh and processed fruits and vegetables, and meat other than poultry.

South Asia including India took 10 percent of U.S. food exports in 1959–61. By 1970, this region is expected to take 14 percent. Major increases are anticipated in wheat, rice, coarse grains, vegetable oil and oilseeds, lard and tallow, and dairy products.

U.S. food exports to Canada are expected to increase 35 percent by 1970. Significant increases are likely in lard and tallow, fresh and processed fruits, pulses and nuts, and meat other than poultry.

Southern Europe's share of U.S. food export is expected to decline from an average of about 8 percent in 1959–61 to 6 percent in 1970. But U.S. exports to the area are likely to rise 20 percent. Coarse grain exports to this region may rise as much as 184 percent by 1970, but will be partly offset by an expected decline of 1.1 million metric tons in wheat exports to the area. An improved market is expected for vegetable oil and oilseeds, and lard and tallow. Japan will remain the most important single customer for U.S. food exports. U.S. food exports to Japan are expected to rise 135 percent by 1970, raising Japan's share of U.S. food exports from 6.5 percent to 10.3 percent. The most important increases will be in coarse grains, vegetable oil and oilseeds, nonfat dry milk, fresh and processed fruits, and wheat.

Food exports to South America (excluding Argentina and Uruguay) are likely to expand 63 percent by 1970 compared to 1959–61. Substantial increases are projected for wheat, coarse grains, vegetable oil and oil seeds, lard and tallow, and nonfat dry milk.

U.S. food exports to North Africa are expected to increase about 65 percent in the 1960's. Wheat exports are likely to increase from 2.0 million metric tons to 2.5 million. Coarse grains will decrease somewhat, but vegetable oil and oilseeds are projected to reach about four times the 1959–61 level. Lard, tallow, and nonfat dry milk are also expected to more than double 1959–61 exports to this area.

Southern Africa is expected to receive the greatest percentage increase in U.S.

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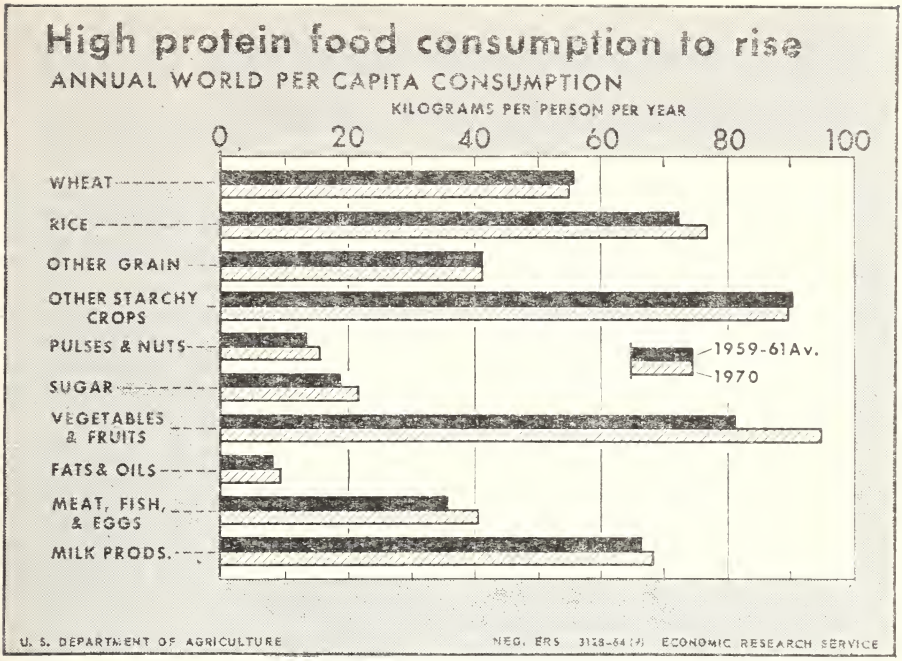


food exports. This is because of large projected wheat shipments of 110,000 metric tons in 1970 compared to none in 1959–61, and an increase in rice exports from 31,000 metric tons to about 82,000 metric tons.

The increase in the value of dollar sales of U.S. food exports during the 1960's is expected to be substantially greater than the increase in the value of exports of food commodities under Government-financed programs.

The increase in program exports during the 1960's will be to the diet-deficit regions to meet increasing needs for food products resulting from population growth and rising levels of living. Wheat exports in the 1960's principally to South Asia and South America, probably will account for more than two-fifths of the total increase in value of food exports under concessional programs. It is also expected that increases in program exports of wheat to the diet-deficit subregions in the 1960's will be accompanied by substantial increases in dollar sales of wheat to South America, East Africa, and West Central Africa.

Wheat exports—both commercial and concessional—to the diet-adequate subregions will be less in value in 1970 than in 1959–61.

The decline in wheat exports to the diet-adequate areas during the 1960's will be greatly offset by the increase in U.S. sales of coarse grains to the same areas. About 90 percent of the expected increase in U.S. coarse grain exports during the 1960's will go to the diet-adequate areas and nearly all will be sold for dollars. Most of the increase will go to Europe and Japan.

Exports of vegetable oil and oilseeds will undoubtedly make substantial gains in value in both the diet-adequate and the diet-deficit subregions in the 1960's. Increases in the value of dollar sales of oilseeds to the diet-adequate areas—chiefly Japan and Europe—are expected to be substantially greater than the value of Government program exports of vegetable oil to the diet-deficit area.

Program exports and dollar sales of dairy products, principally butter and nonfat dry milk, poultry, pulses, rice, and lard and tallow are expected to be higher in value in 1970 than the average annual value for 1959–61.

Q. M. West
Economic Research Service

FIELD PICKER-SHELLERS GAINING IN CORN AREAS

Many changes in the method of harvesting corn for grain have taken place in the Corn Belt during the past quarter century. In the late thirties the transition was from hand husking to mechanical pickers. Now we are in another stage of progress where mechanical harvesting equipment other than pickers is becoming prominent in the Corn Belt.

Both hand picking and the mechanical picker gave the farmer ear corn. If he wanted shelled corn another operation was required. Now new equipment supplies shelled corn directly from the field.

The latest harvesting trends indicate that the field picker-sheller and the corn head mounted on a grain combine are rapidly replacing the well-known mechanical picker.

Field shelling equipment first showed up in cash grain areas but is now moving into livestock areas. Field shelled corn lends itself to livestock feeding and may be stored in silos as high-moisture corn without drying.

Data available in Illinois, the second largest corn producing State, show half the grain acreage was husked by hand in 1939 and the remaining half was harvested with mechanical pickers. Ten years later mechanical pickers harvested 91 percent of the grain acreage, with the remaining husked by hand.

A survey of Illinois crop reporters in 1962 shows the mechanical picker reached its peak between 1949 and 1962, and was giving way to the field picker-sheller and the combine with corn head.

In the fall of 1962, mechanical pickers harvested 76 percent of the acreage for grain, combines harvested 17 percent, and field picker-shellers the remaining 7 percent.

The change is still continuing—in 1963 pickers were used for only 65.5 percent of the acreage harvested, 27.5 percent was harvested by combine, and 7.0 percent by picker-sheller.

This change in harvesting methods has also created changes in handling the crop after harvest. Farmers must now decide whether to provide artificial driers and bins rather than crib storage on the farm, or market direct from the field, or store in off-farm facilities and use off-farm driers.

Growers reported in 1963 that 20 percent of the corn harvested for grain was marketed directly from the field, 77 percent was stored on the farm, and the remaining 3 percent was stored off farm in commercial storage.

High moisture corn stored on farms in gastight or conventional silos accounted for 2.5 percent of the production for grain. Crop reporters reported that 63.5 percent of the Illinois crop harvested for grain was allowed to dry naturally in the field or in on-farm storage, 12.5 percent was dried artificially on the farm, and 1.5 percent was dried in off-farm driers. The balance of the corn for grain was made up of the 2.5 percent stored in farm silos and the 20.0 percent marketed directly from the field for which drying information was not obtained.

Hosea S. Harkness
Statistical Reporting Service

YOUNG FARMERS MEETING CHALLENGE OF STARTING NEW OPERATIONS

Since World War II there has been growing concern about the ability of young men to get started in farming, and if they do get started, about their ability to develop economic-sized farm units. The concern stems from the rapidly increasing capital requirements for efficient farming. Technological advances and the cost-price squeeze have increased the size of farms and the size of investments in livestock, machinery, and other production goods needed for efficient operation, and rising land values have driven up the required investment in real estate.

A survey reveals that young farmers at the end of 1960 were not conducting small-sized operations when compared with those conducted by middle-aged and older farmers. In proportion to their number, more young farmers had large and medium-sized operations than either of the older groups. Moreover, fewer of them were located on noncommercial farms.

As indicated by the average value of land and buildings operated and by the value of products sold in 1960, young farmers operated on about the same scale as middle-aged farmers but on a larger scale than older farmers. Their net cash farm incomes were as large as those of the middle-aged farmers but larger than older farmers. Thus it appears that the young farmers who began to farm in the postwar period had succeeded as well by 1960 in developing "efficient-sized" operations as those who began farming earlier when capital requirements were lower.

How were the younger farmers able to attain this comparatively favorable position in the size-scale of the industry? Mainly by leasing land and borrowing capital. Although all age groups of commercial farmers leased land and buildings, the younger farmers were the only group that leased most of the land and buildings used in their operations. About half of the young farmers in each size group leased all—and many of the remaining young farmers leased part—of the land and buildings they operated. Full ownership was found chiefly among the older farmers but was more prevalent among middle-aged than among young farmers.

Relative to the size of the operations, the young farmers used more credit than the older farmers. Moreover, half of the mortgage debt of the young farmers, compared with a fourth for middle-aged farmers, and only a seventh for the older farmers, was owed to persons from whom they had bought the land they owned. Sellers of land usually extend credit on much more liberal terms than financial institutions.

How the oncoming generation of farmers will make out in tomorrow's agriculture can only be surmised. Capital requirements and competitive pressures in the industry are now much greater than in the early postwar years and they probably will increase in the future. Nevertheless, the experience of the postwar generation of farmers gives hope that the oncoming generation will be able to carve out a favorable place for itself in the industry.

This does not mean that the doors will be open to all young people who may want to become farmers. The number of farms is declining rapidly and opportunities to make a successful career of farming are becoming fewer for people of all age groups. However, there will be opportunities for some young people to enter farming each year as older farmers retire or give up farming for other reasons.

The relatively favorable position attained by young farmers should not blind anyone to the fact that in 1960 many farmers of all ages were operating on too small a scale to earn much income, even when their off-farm activities are included. If the proportion of low-income farmers is to be reduced, many of the small farms will have to be consolidated with other farms and young farmers entering agriculture will have to start on a larger scale than many of their predecessors did.

Fred L. Garlock
Economic Research Service

THE TOBACCO SITUATION . . . 1964 BREAKS LONG UPTREND

Cigarette output and consumption were lower in 1964 than in the previous year, breaking the steady gain during 1955–63. However, use of cigars, cigarillos, and small cigars gained substantially. There was also a considerable increase in use of smoking tobacco and a small increase in use of chewing tobacco; but use of snuff continued its gradual decline.

Supplies of the big-volume cigarette tobaccos—flue-cured and burley—are at record highs. Carryovers have risen—reflecting the big crops of 1962 and 1963—and will be up again at the end of the 1964–65 marketing year because last year's production exceeded needs.

U.S. smokers consumed an estimated 508 billion cigarettes in 1964—3 percent fewer than the record high of 1963. Toward the end of 1964 cigarette use appeared to be near the year-earlier level.

Consumption of cigars and cigarillos in 1964 is estimated at 9 billion, up 24 percent from 1963. Output of smoking tobacco for pipes and "roll-your-own" cigarettes totaled about 82 million pounds, 16 percent above the previous year.

The 1964 output of chewing tobacco approached 67 million pounds—2 percent above 1963. This was the second year in a row that chewing tobacco gained. Snuff production in 1964 is estimated at slightly over 31 million pounds, a 2 percent drop from the previous year and a long-time low.

The foreign market usually takes a fourth of the U.S. tobacco crop. In calendar 1964, exports of unmanufactured tobacco totaled near 1963. In the year that will end June 30, 1965, tobacco exports may be moderately below 1963–64.

The U.S. supply of flue-cured tobacco for 1964–65 is at a new high—3 percent above 1963–64. Mid-1964 carryover was up from a year earlier and the 1964 crop slightly exceeded 1963 production despite a 10 percent cut in acreage. Carryover of flue-cured in mid-1965 is likely to increase moderately above that of mid-1964.

The 1964–65 supply of burley is 3 percent above 1963–64 and exceeds any prior year. Although the 1964 crop was down an estimated 16 percent from the record crop of the previous year, carryover is the largest ever—15 percent above a year earlier.

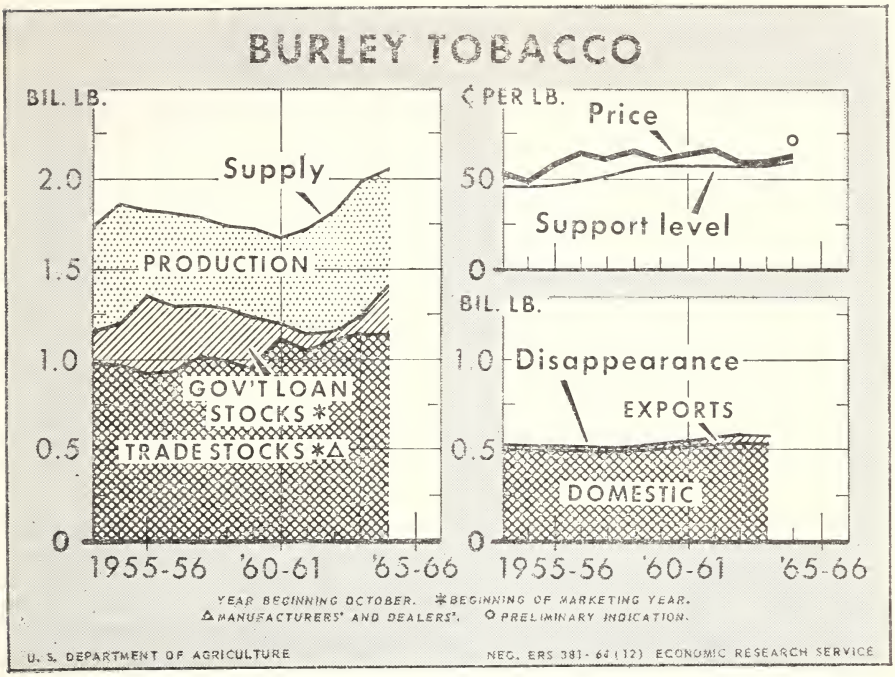
The supply of Maryland tobacco is 8 percent above a year earlier and tops any previous year. The supply of Virginia fire-cured tobacco is slightly above 1963–64 and the supply of Kentucky-Tennessee fire-cured is up some.

The supply of dark air-cured is about the same as for 1963–64 and the supply of Virginia sun-cured is the lowest in many years.

Pennsylvania cigar filler supplies are the largest in many years and those of Ohio filler significantly below each of the preceding two years. Carryover stocks of Puerto Rican filler tobacco are the largest in eight years.

Supplies of Connecticut Valley binder tobacco are the lowest on record, and those of Wisconsin are moderately below a year earlier.

The 1964–65 supply of Connecticut Valley shade-grown wrapper is moderately below each of the four preceding years despite a record 1964 crop. The supply of Georgia-Florida wrapper is about the same as for 1963–64.



In the past two years there has been a substantial buildup in stocks of Colombian, Dominican, and Brazilian cigar tobacco held by U.S. manufacturers and dealers. In 1963–64, use of these tobaccos gained sharply in contrast with the generally small changes in use of domestic types. Use of Cuban tobacco continued to drop sharply as stocks in this country declined to less than one-third the pre-embargo level.

On November 27, 1964, the Secretary of Agriculture announced a 19½ percent reduction in the flue-cured tobacco acreage allotment for 1965. On December 15, flue-cured tobacco growers voted 96½ percent in favor of maintaining marketing quotas on their 1965, 1966, and 1967 crops. Over 335,000 growers voted—exceeding the turn-out for any previous flue-cured tobacco referendum by a substantial margin.

On January 27, 1965, the Secretary of Agriculture announced a reduction in burley tobacco acreage allotments of about 10 percent for most farms in 1965. However, as provided by law, no 1965 burley allotment will be less than the smallest of (1) the allotment established for the farm in 1964, (2) five-tenths of an acre, or (3) 10 percent of the cropland in the farm. On February 25, 1965, burley growers will vote in a referendum on whether they favor or oppose marketing quotas for their 1965, 1966, and 1967 crops. At least two-thirds of those voting must approve, if marketing quotas are to continue in effect. The last time burley growers voted—February 20, 1962—99 percent approved marketing quotas for their next three crops.

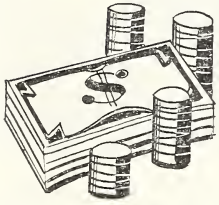
Also on January 27, 1965, a 10 percent cut in acreage allotments for Kentucky-Tennessee fire-cured and dark air-cured tobaccos, and a 15 percent cut in acreage allotments for Maryland tobacco were announced. Because of relatively lower supplies, 1965 acreage allotments for Virginia fire-cured tobacco, for Ohio filler-Wisconsin binder types, and for Connecticut binder types will be about the same for most farms as for 1964. For the above kinds of tobacco, growers approved marketing quotas on the 1965 crop in previous referendums.

Arthur G. Conover
Economic Research Service

outlook

Based on Information Available on February 2, 1965

LIVESTOCK

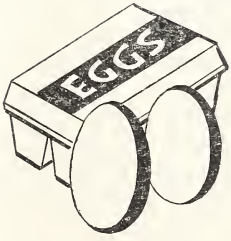


First quarter hog prices may turn out moderately above the year-earlier average of $14.63 per hundredweight. Subsequent prices should hold above 1964 levels. Seasonal weakness in late winter and early spring should be slight. Fed cattle prices during the first and second quarters will likely average much above the same month a year earlier. Prices should continue strong for sheep and lambs. Broiler prices during the first half of the year may edge above a year earlier.

WOOL

World wool prices dropped 20 to 25 percent since the second quarter of 1964 and will likely stay at low December levels through the first half of 1965. Reduced prices result from decreased mill use in major manufacturing countries, increased supplies, and shifts to manmade fibers. U.S. wool prices have been above world levels, although they also slipped 5 to 10 percent in the second half of 1964. A further decline is expected during the first half of this year.

EGG PRICES



Prices of eggs may falter, continuing recent weakness, and average below prices in 1964. Production was up last year from 1963 and some further gain seems in store for the first half of 1965. A larger rise may follow in the second half of this year.

SOYBEANS

Producer prices for soybeans averaged $2.61 per bushel during the heavy fall marketing months, about the same as a year earlier. Prices the rest of the season may average above this, in contrast to the drop-off last year to a January–September average of $2.46.

SHEEP AND LAMBS ON FEED

The number of sheep and lambs on feed for market in 26 States on the first of this year totaled 3,327,000 head, a drop of 9 percent from a year earlier.

The North Central States had a total of 1,825,000 sheep and lambs on feed, 12 percent less than a year earlier. All States were below a year earlier except Michigan, which was unchanged. Declines from a year earlier were Kansas, 41 percent; Minnesota, 32 percent; Wisconsin, 12 percent; North Dakota, 11 percent; Ohio, 10 percent; Nebraska, 9 percent; Illinois, 8 percent; Indiana and South Dakota, each 7 percent; and Iowa and Missouri, each 3 percent.

There were 1,342,000 sheep and lambs on feed in the Western States on January 1, 1965, a decrease of 3 percent from a year earlier. Six States showed a decrease and four had increases. Colorado, the main sheep and lamb feed State in the Nation, had 9 percent fewer than a year earlier. California, the second-ranking Western State, increased 2 percent. Nevada was unchanged.

Changes from a year earlier for States outside the Corn Belt and Western regions were: Texas, down 26 percent; Oklahoma, down 23 percent; and New York, down 11 percent.

The seven major feeding States had 1,956,000 sheep and lambs on feed for market on January 1—11 percent below a year earlier. These States accounted for 59 percent of the number on feed in the 26 States.

Marketings of fed sheep and lambs from the seven States in November and December totaled 828,000 head, 3 percent less than in the corresponding months of 1963. Iowa, South Dakota, Nebraska, and Colorado each marketed more than a year earlier. Marketings were less than a year earlier in Kansas, Texas, and California.

The weight breakdown of sheep and lambs on feed in the seven major States on January 1, 1965, compared with a year earlier, was: under 60 pounds, 57,000 head, down 49 percent; 60–79 pounds, 492,000 head, down 11 percent; 80–99 pounds, 1,205,000 head, down 11 percent; and 100 pounds and over, 202,000 head, up 11 percent.

E. B. Hannawald
Statistical Reporting Service

1965 MARKETING TURKEY GUIDE

Production of 97 million turkeys in 1965, 2 percent less than 1964 output, is being suggested to producers by USDA in its 1965 Marketing Guide for Turkeys, first one to be issued for poultry.

A 1965 Marketing Guide for Turkeys is timely because a further increase of 5 percent or more in turkey production has been in prospect. The outlook for larger production and lower prices led the National Turkey Federation, an organization of producers, to ask USDA to prepare and publish a 1965 Guide.

According to past relationships between supply and price, the production that has been in prospect would probably reduce prices to producers in 1965 at least one cent per pound below the 21.3-cent average they received in 1964. If production should be reduced in line with the Guide, producer prices could be expected to average about one cent higher than the 1964 price.

The 1965 Marketing Guide for Turkeys will be available shortly and requests for it should be addressed to the Poultry Division, Agricultural Marketing Service, U.S. Department of Agriculture, Washington, D.C., 20250.

CHANGES IN BEEF PRICES . . .
FOR THE PRODUCER AND CONSUMER

What makes the price of beef for you as a consumer, or the price of cattle for you the producer? Supply and demand, of course.

Beef from slaughter plants (plus imported beef and minus exported beef), rounded out by small movements to and from storage, pretty well accounts for the supply. The demand is based on the amount your family and others are willing to pay for the beef produced.

Beef prices average more than twice steer prices, partly because of the weight loss in converting a steer into cuts of beef. It takes about 2¼ pounds of steer to make a pound of beef on the retail shelf. The rest of the price difference is the cost of marketing.

Beef supply and demand is subject to considerable change. Beef production often changes sharply from year to year. For example, in 1963 production increased 7 percent. Demand failed to keep pace, increasing only 3 or 4 percent. The result was an oversupply of beef, and lower cattle and beef prices. Cattle prices fell throughout most of the year. Retail beef prices held up for a short period, but then joined the decline for most of the year.

The price of Choice steers at Chicago was $29 per hundredweight in September 1962 but fell to $21 by May of 1964—a drop of $8 or 28 percent. During the same period the U.S. average retail price of beef dropped about 12 cents per pound or a change of about 14 percent. These statistics were incorrectly used by many observers who compared the two percentages and concluded (incorrectly) that less than half the decline in cattle prices had been passed on to the consumer.

Such a conclusion would be a valid indicator only if both the farmers' share and the marketing spread were expected to change in the same proportion. This is not the case. Comparisons between percentage changes in cattle and beef prices give no indication of a "proper" change in retail prices.

Here is a much better measure of retail price performance using the same facts: Because it takes 2¼ pounds of steer to produce each pound of beef on the retail shelf, there must be a 2¼-cent change per retail pound for every $1

	WHEN STEER PRICES CHANGE	
	PRICE DECREASE 1962-64	PRICE INCREASE 1961-62
Steer Price Change	—$7.87 per cwt.	+$5.47 per cwt.
Adjusted to Retail	—17.7¢ per pound	+12.3¢ per pound
Consumer Price Change	—11.8¢ per pound 67% of price drop	+10.9¢ per pound 89% of price rise
Marketing Margin Change	+5.9¢ per pound, or 33% of price drop	—1.4¢ per pound, or 11% of price rise

per hundredweight change in steer prices—IF all the price change is to be passed on to the consumer. *This is the retail price change required to keep the spread between cattle and retail beef prices unchanged.* Although this measure is not perfect because retailers' and packers' costs per pound do change some as supply and demand change, it is a better indicator than percentage comparisons described earlier.

Now let's apply the 2¼-to-1 yardstick to the 1962–64 price change. The $7.87 per hundredweight change in steer prices converts to a 17.7-cent per pound change at retail. Actually, the retail prices dropped 11.8 cents or 67 percent of the steer price drop. This means about seven-tenths of the price drop was passed on to the consumer. It means that marketing spreads increased by 33 percent of the price reduction. This is substantially different from the "less than half" figure generated when the spread is not held constant.

Retail beef prices usually do not fully reflect steer price changes—either price increases or decreases. The cattle-beef price spread typically widens when cattle prices fall, but narrows as cattle prices rise. This short-run price behavior appears to nearly balance out.

Perhaps the most serious aspect of the farm-retail spread for beef does not show up in short-term analysis. Even though short-run increases and decreases nearly balance out, spreads persistently widen by small amounts each year. The result has been a nearly constant upward movement in the price spread, particularly in the wholesale-retail price spread. The amount and persistence of this trend raises the question of whether or not this spread is increasing more rapidly than associated costs.

At this time there is not enough information to answer this critical question. The National Commission on Food Marketing has expressed substantial interest in these trends. It is hoped that their efforts will throw considerable light on the causes and impacts of price changes.

William C. Motes
Economic Research Service

U.S. HONEY PRODUCTION FOR 1964 . . .

The U.S. honey crop totaled 285,744,000 pounds in 1964—a drop of 5 percent from the record output in 1963. Production per colony averaged 50.9 pounds compared with 54.2 in the previous season. The 5,611,000 colonies on hand at the beginning of the 1964 season was 2 percent more than a year earlier.

With all honey averaging 18.5 cents per pound, the 1964 crop had a value of $52,855,000. The 5,343,000 pounds of beeswax was 2 percent less than the 1963 crop. At an average of 44.4 cents per pound, the beeswax of output was valued at $2,369,000 to producers.

Producers reported 75 million pounds of honey on hand for sale in mid-December compared with 62 million a year earlier. Stocks in mid-December represented 26 percent of the 1964 crop compared with 21 percent in the previous year. Moderate domestic sales to date and a considerably weaker export market have resulted in higher producer stocks this year.

In some respects the 1964 season was a reversal of the 1963 season. Yields fell drastically in States such as Montana, Idaho, Wyoming, and the Dakotas, which had relatively high yields in 1963. In the South Atlantic region, yields in Virginia, West Virginia, North Carolina, and South Carolina were up sharply from last year. In most regions the fall yields were less than a year earlier.

Compared with 1963, yields per colony were up 12 percent in the South Atlantic States and 4 percent in the South Central States. Yields decreased 19 percent in the West, 10 percent each in the West North Central and North Atlantic States, and 2 percent in the East North Central.

D. T. Mateyka
Statistical Reporting Service

WORLD AGRICULTURAL OUTPUT TO GAIN AGAIN IN 1964-65

World agricultural production in 1964–65 is expected to increase about 1 percent over the previous year. This is a smaller gain than in each of the previous two years and also less than the growth in world population.

Farm output per person is expected to fall about 1 percent. However, production of food is rising faster than other agricultural commodities so food output per person will remain about the same as last year.

World wheat production recovered from the dip of 1963–64 and moved to a new record—exceeding 9 million bushels. The rice crop forecast is up slightly from last year but not enough to keep up with the rapidly growing population in rice-consuming countries. The decline in feedgrain output traces largely to the drought-reduced U.S. corn crop and a reduction in the world output of oats.

Output of both peanuts and soybeans set new records. Peanuts were up 7 percent and soybeans were up 2 percent. Production of copra, another leading oil-bearing material, was down 2 percent. Olive oil production fell more than one-fourth from last year's record volume but was above the low output of 1962–63.

World sugar output has tended to lag behind consumption in recent years, largely because of reduced Cuban output. However, world production climbed 11 percent in 1964–65. Producers in many countries expanded output in response to recent favorable prices and a favorable market outlook. Weather conditions and acreage increases favored larger production in Eastern Europe.

The fiber crops increased also. There was a record crop of cotton—51.7 million bales—and jute was up 2 percent.

Production of tea and cocoa went up moderately, continuing the recent trend. The 1964–65 coffee crop, badly damaged by frost and drought in Brazil, was down nearly one-fourth from the level of recent years. Tobacco production was a record high.

Output of livestock products in 1964 was probably no greater than in the year before. Meat output in mainland China was up, but not enough to offset declines elsewhere. Output of wool and tallow was up, but lard was down slightly.

Because of increased hog slaughter, mostly in Western Europe, meat production in the first half of 1965 is expected to be above a year earlier in most regions except the Soviet Union.

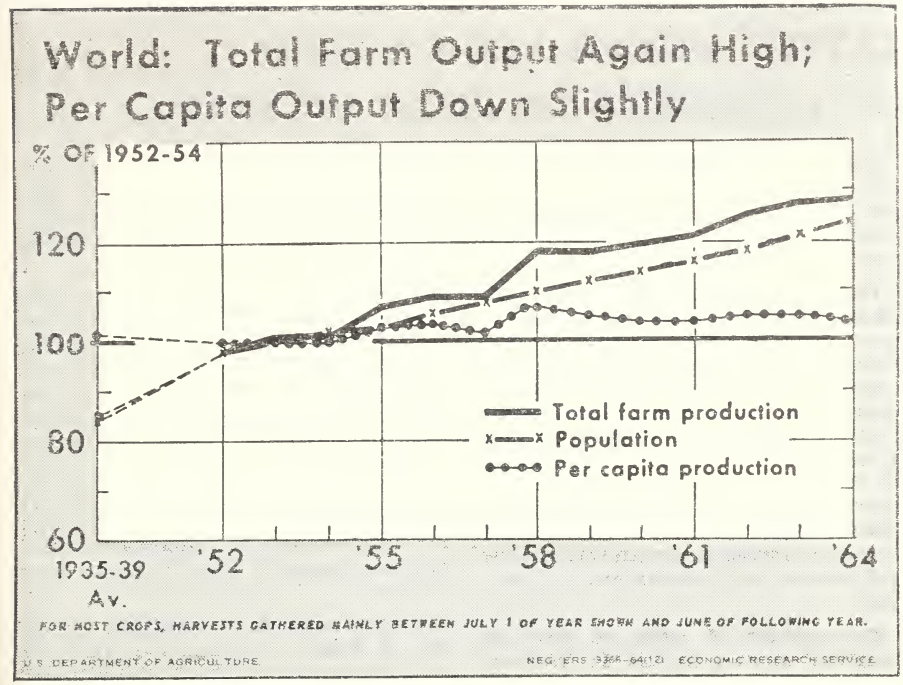
Largely because of drought, agricultural production declined in North America, with a substantial reduction of feedgrains in the United States and wheat in Canada. The production index was down 6 percent for Canada and less than 1 percent for the U.S.

Latin America also will show a decline in production for 1964–65, with per capita output at the lowest level in a decade. Although half the Latin American countries are expected to break production records this season, a sharp fall in Brazil and smaller decreases in Argentina and Chile will drop total agricultural production below the record level of the past year.

Good weather and advancing technology led to record output in Western Europe in 1964–65. Yields per acre and total production of grain reached new highs.

Africa is the only less-developed region that increased agricultural production enough to raise per capita output. This came from substantial gains in the Republic of South Africa and modest improvements in several other countries in southern Africa. In northern Africa, per capita improvements in the United Arab Republic and Libya were more than offset by declines in Algeria and Morocco.

Per capita agricultural output in the Far East, excluding mainland China, went down 1 percent from a year earlier. Declines in countries such as India and Pakistan more than offset gains in countries such as Japan, South Korea, and Taiwan. In West Asia, per capita output dropped 5 percent, main-



ly because of reduced grain harvest in Iran and Turkey.

Crop prospects in Australia and New Zealand are good; total agricultural production is estimated about 1½ percent above last season's record.

World agricultural trade in 1964 equaled or exceeded the 1963 level. Although exports of some major items, especially wheat and sugar, appear to have declined, exports of most others, including feedgrains, oilseeds, fats and oils, fruit, meat, whole milk products, beverages, and tobacco, are estimated at or above the 1963 level.

Pork production reached a record high in Western Europe in 1964 but production of beef and veal declined sharply from 1963. Most countries in Western Europe had shortages of beef and veal in 1964 because of reduced domestic production, sharply increasing demand, and limited supplies from normal overseas suppliers. European production of beef probably will continue short of demand this year. However, consumers may shift from beef to pork which is expected to be abundant in most European countries in the early part of 1965.

Prospects for U.S. agricultural exports are good; dollar value in fiscal year 1965 may be only slightly less than the $6.1 billion record last fiscal year. Commercial sales may total over 70 percent of the value of all farm exports. A sharp decline in wheat exports this fiscal year, due to average or better crops in buying countries, will be largely offset by larger exports of soybean oil, feedgrains, and some animal products.

World trade in feedgrains in fiscal year 1965 is expected to continue the irregular uptrend begun in the mid-1950's. The most important feedgrain markets will continue to be Italy, Japan, the United Kingdom, and Spain. Imports by Spain—due to poor domestic crops—and Japan are expected to be up substantially. The United States is expected to supply at least half the world exports of feedgrains this season. Other major suppliers will be Argentina (corn and sorghum); South Africa, Thailand, and Rumania (corn); Canada, France, and the Soviet Union (barley).

Wilhelm Anderson
Economic Research Service

CATTLE AND CALVES ON FEED UP 1 PERCENT ON FIRST OF YEAR

There were 9,350,000 head of cattle and calves on feed for slaughter market in the 32 major feeding States on January 1 of this year, 1 percent more than a year earlier.

The North Central States had 5,846,000 on feed for slaughter market, compared with 5,858,000 a year earlier. Iowa, the leading feeding State, was up 1 percent. All the East North Central States except Wisconsin, which was unchanged, had fewer on feed on the first of this year. Indiana had the sharpest decrease, 12 percent, and Illinois was down 8 percent. In the West North Central States, all except North Dakota showed an increase. South Dakota was up 6 percent, and Kansas was up 5 percent.

The number of cattle on feed for slaughter market in the 11 Western States totaled 2,508,000 on January 1 of this year, up 2 percent from a year earlier. Increases ranged from 5 percent in Colorado and New Mexico to 17 percent in Nevada. California, the largest feeding State in the West, decreased 3 percent and Utah dropped 14 percent. The number on feed in Wyoming was unchanged.

In feeding States outside the North Central and Western States, the number of cattle on grain feed for the slaughter market increased 1 percent from January 1, 1964. Moderate to substantially larger numbers in Virginia, Florida, Alabama, and Texas, were nearly offset by decreases in Maryland, the Carolinas, Kentucky, Tennessee, Mississippi, Arkansas, and Oklahoma. Pennsylvania, Georgia, New York, and Louisiana were unchanged from a year earlier.

The number of cattle and calves placed on feed during the October–December quarter of 1964 in the 28 major feeding States totaled 6,451,000 head, up 6 percent from the same period in 1963. Placements were 4 percent larger in the North Central States and 11 percent greater in the Western group. Recorded shipments of stocker and feeder cattle into the 8 Corn Belt States during October and November were up 7 percent from the same period in 1963.

Marketings of grain fed cattle for slaughter from the 28 States during the October–December quarter totaled 4,081,000 head, 5 percent more than a year earlier. In the North Central region, marketings were up 3 percent and were up 8 percent in the Western region.

The number of slaughter steers and heifers grading good or better sold out of first hands at 14 principal livestock markets during the October–December quarter changed little from a year earlier.

A breakdown of the cattle on feed in the 28 States on January 1, 1965, by weight groups indicates 5 percent more weighing less than 900 pounds, but 10 percent fewer weighing over 900 pounds.

The number in each weight group and percentage comparisons with 1964 is: under 500 pounds, 1,736,000 head, up 6 percent; 500–699 pounds, 2,343,000, up 5 percent; 700–899 pounds, 2,745,000, up 4 percent; 900–1,099 pounds, 1,937,000, down 4 percent; 1,100 pounds and over, 393,000, down 33 percent.

The number of steers and steer calves on feed in the 28 States totaled 6,539,000 head, a decrease of 1 percent from January 1, 1964. There were 2,555,000 heifers and heifer calves on feed this January 1, an increase of 3 percent from the number on feed a year earlier. The number of cows and others on feed totaled 60,000—up 2 percent from a year earlier.

Those on feed less than three months in the 28 States totaled 6,298,000 head, 6 percent above January 1, 1964. The 3–6 month group numbered 2,418,000 head, down 2 percent from a year earlier. The over-6-months group, at 438,000 head, was down 36 percent.

Dan L. Herbert
Statistical Reporting Service

1964 CERTIFIED SEED POTATO CROP WAS DOWN 8 PERCENT

The 1964 crop of certified seed potatoes totaled 35,278,511 hundredweight—8 percent below the 1963 total and 3 percent below the 1958–62 average. Last year 169,419 acres passed final inspection compared with 172,168 in the previous year and the 5-year average of 173,770 acres.

Maine remained the leader in production of certified seed potatoes with 54 percent of the national total. Next ranking States were Minnesota, 10 percent; Idaho, 9 percent; North Dakota, 7 percent; and Wisconsin and California with 4 percent each.

The 10 leading varieties accounting for 91 percent of the 1964 production in order of importance were Katahdin, Russet Burbank, Kennebec, Red Pontiac, Cobbler, White Rose, Red La Soda, Norland, Sebago, and Chippewa. It was the 18th consecutive year that Katahdin was the leading variety. Russet Burbank was second for the 10th straight year. The only variety not among these leaders in 1964 was Sebago, which ranked 11th in 1963.

The Crop Improvement Association recognized 68 varieties for certification in 1964. New varieties reported were Norgold Russet (in 12th place), Hunter, Monona, Blue Victor, and Allehana. Certified varieties produced in 1963 but not in 1964 were White Cloud, Alaska #114, Dakota Red, Huron, and Early Rose.

Canadian officials reported certification of 9,557,046 hundredweight of seed potatoes in 1964—3 percent more than in the previous year. Certified production in the provinces of New Brunswick, Nova Scotia, and Prince Edward Island accounted for 85 percent of the total.

Production in these three provinces was 8,131,761 hundredweight, 3 percent more than the previous year's production, and 31 percent above the 1958–62 average.

Leonard W. Orvold
Statistical Reporting Service

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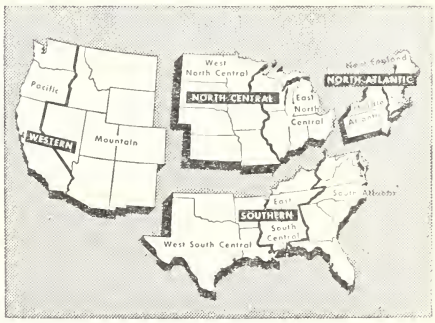
Editor: Howard Lehnert



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